



STMicroelectronics Q2 2025 Financial Results

July 24, 2025

Forward looking information

Some of the statements contained in this release that are not historical facts are statements of future expectations and other forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, each as amended) that are based on management's current views and assumptions, and are conditioned upon and also involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those anticipated by such statements due to, among other factors:

- changes in global trade policies, including the adoption and expansion of tariffs and trade barriers, that could affect the macro-economic environment and may directly or indirectly adversely impact the demand for our products;
- uncertain macro-economic and industry trends (such as inflation and fluctuations in supply chains), which may impact production capacity and end-market demand for our products;
- customer demand that differs from projections which may require us to undertake transformation measures that may not be successful in realizing the expected benefits in full or at all;
- the ability to design, manufacture and sell innovative products in a rapidly changing technological environment;
- changes in economic, social, public health, labor, political, or infrastructure conditions in the locations where we, our customers, or our suppliers operate, including as a result of macro-economic or regional events, geopolitical and military conflicts, social unrest, labor actions, or terrorist activities;
- unanticipated events or circumstances, which may impact our ability to execute our plans and/or meet the objectives of our R&D and manufacturing programs, which benefit from public funding;
- financial difficulties with any of our major distributors or significant curtailment of purchases by key customers;
- the loading, product mix, and manufacturing performance of our production facilities and/or our required volume to fulfill capacity reserved with suppliers or third-party manufacturing providers;
- availability and costs of equipment, raw materials, utilities, third-party manufacturing services and technology, or other supplies required by our operations (including increasing costs resulting from inflation);
- the functionalities and performance of our IT systems, which are subject to cybersecurity threats and which support our critical operational activities including manufacturing, finance and sales, and any breaches of our IT systems or those of our customers, suppliers, partners and providers of third-party licensed technology;
- theft, loss, or misuse of personal data about our employees, customers, or other third parties, and breaches of data privacy legislation;
- the impact of IP claims by our competitors or other third parties, and our ability to obtain required licenses on reasonable terms and conditions;
- changes in our overall tax position as a result of changes in tax rules, new or revised legislation, the outcome of tax audits or changes in international tax treaties which may impact our results of operations as well as our ability to accurately estimate tax credits, benefits, deductions and provisions and to realize deferred tax assets;
- variations in the foreign exchange markets and, more particularly, the U.S. dollar exchange rate as compared to the Euro and the other major currencies we use for our operations;
- the outcome of ongoing litigation as well as the impact of any new litigation to which we may become a defendant;
- product liability or warranty claims, claims based on epidemic or delivery failure, or other claims relating to our products, or recalls by our customers for products containing our parts;
- natural events such as severe weather, earthquakes, tsunamis, volcano eruptions or other acts of nature, the effects of climate change, health risks and epidemics or pandemics in locations where we, our customers or our suppliers operate;
- increased regulation and initiatives in our industry, including those concerning climate change and sustainability matters and our goal to become carbon neutral in all direct and indirect emissions (scopes 1 and 2), product transportation, business travel, and employee commuting emissions (our scope 3 focus), and to achieve our 100% renewable electricity sourcing goal by the end of 2027;
- epidemics or pandemics, which may negatively impact the global economy in a significant manner for an extended period of time, and could also materially adversely affect our business and operating results;
- industry changes resulting from vertical and horizontal consolidation among our suppliers, competitors, and customers;
- the ability to successfully ramp up new programs that could be impacted by factors beyond our control, including the availability of critical third-party components and performance of subcontractors in line with our expectations; and
- individual customer use of certain products, which may differ from the anticipated uses of such products and result in differences in performance, including energy consumption, may lead to a failure to achieve our disclosed emission-reduction goals, adverse legal action or additional research costs.

Such forward-looking statements are subject to various risks and uncertainties, which may cause actual results and performance of our business to differ materially and adversely from the forward-looking statements. Certain forward-looking statements can be identified by the use of forward-looking terminology, such as "believes", "expects", "may", "are expected to", "should", "would be", "seeks" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.

Some of these risk factors are set forth and are discussed in more detail in "Item 3. Key Information — Risk Factors" included in our Annual Report on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission ("SEC") on February 27, 2025. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this press release as anticipated, believed or expected. We do not intend, and do not assume any obligation, to update any industry information or forward-looking statements set forth in this release to reflect subsequent events or circumstances.

Unfavorable changes in the above or other factors listed under "Item 3. Key Information — Risk Factors" from time to time in our Securities and Exchange Commission ("SEC") filings, could have a material adverse effect on our business and/or financial condition.

Highlights

Q2
2025

- Net revenues of \$2.77B came above the mid-point of our business outlook range, driven by higher revenues in Personal Electronics and Industrial, while Automotive was slightly below expectations.
- Gross margin of 33.5% was in line with the mid-point of our business outlook range.
- Y/Y Q2 net revenues decreased 14.4%, non-U.S. GAAP operating margin* decreased to 2.1% from 11.6% and non-U.S. GAAP net income* decreased to \$57M from \$353M.

H1
2025

- Net revenues decreased 21.1% Y/Y, with a decrease in all reportable segments.
- Non-U.S. GAAP operating margin* was 1.3% and non-U.S. GAAP net income* was \$120M.

- In Q225, our book-to-bill ratio remained above one for Industrial, while Automotive was below parity. Bookings continued to increase sequentially.

Q3
2025

- Outlook at the mid-point is for net revenues of \$3.17B, decreasing 2.5% Y/Y and increasing 14.6% Q/Q.
- Gross margin is expected to be about 33.5%; including about 340 bps of unused capacity charges. On a sequential basis, our Q3 gross margin will be negatively impacted by about 140 bps, mainly from currency effect and, to a lesser extent, the start of non-recurring cost related to our manufacturing reshaping program.

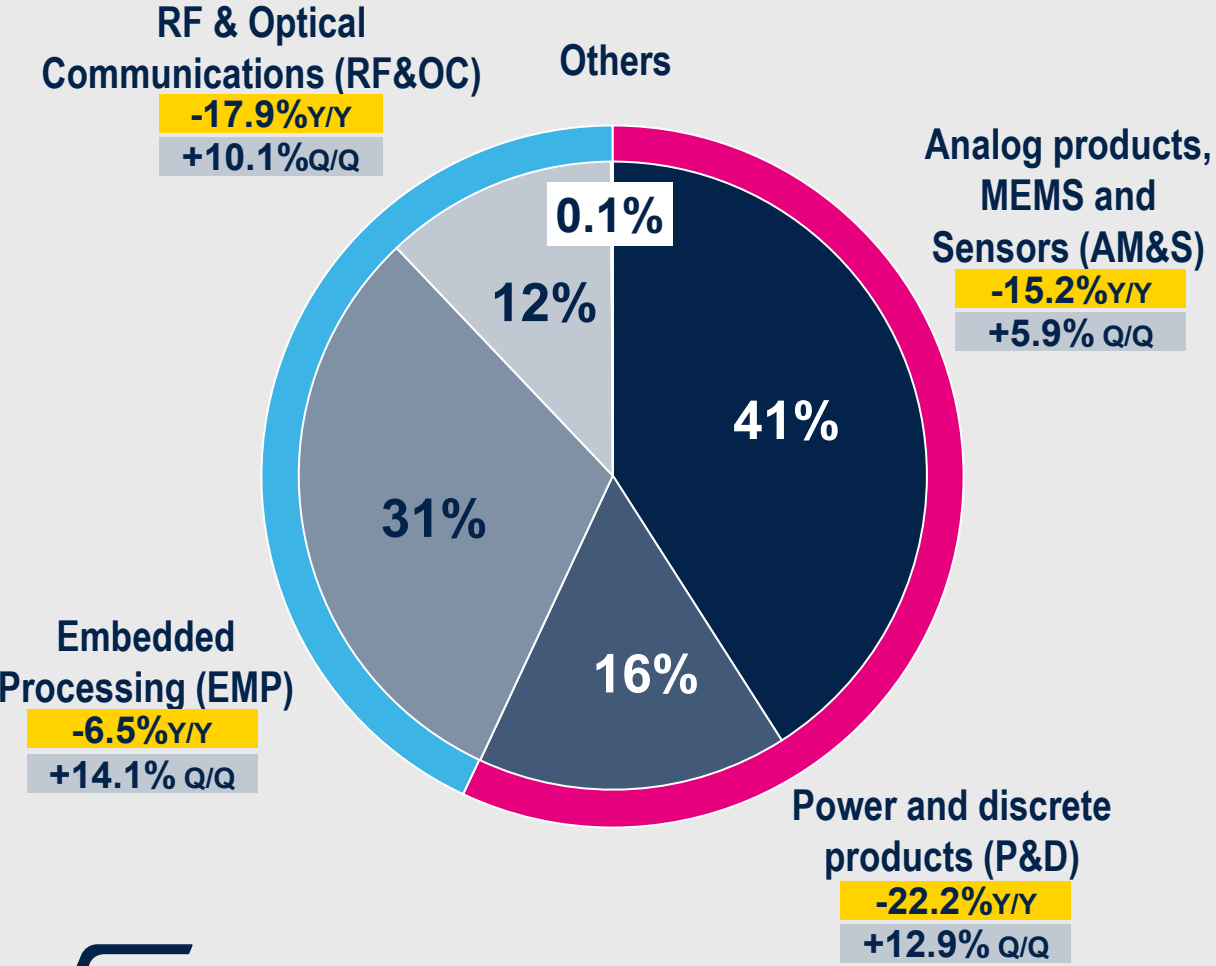
- While we expect Q3 revenues to show a solid sequential growth enabling a continued Y/Y improvement, we are still operating amid an uncertain macroeconomic environment. Given these external factors, our priorities remain supporting our customers, accelerating new product introductions, and executing our company-wide program to reshape our manufacturing footprint and resize our global cost base.



*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

Q2 2025 Revenues dynamic

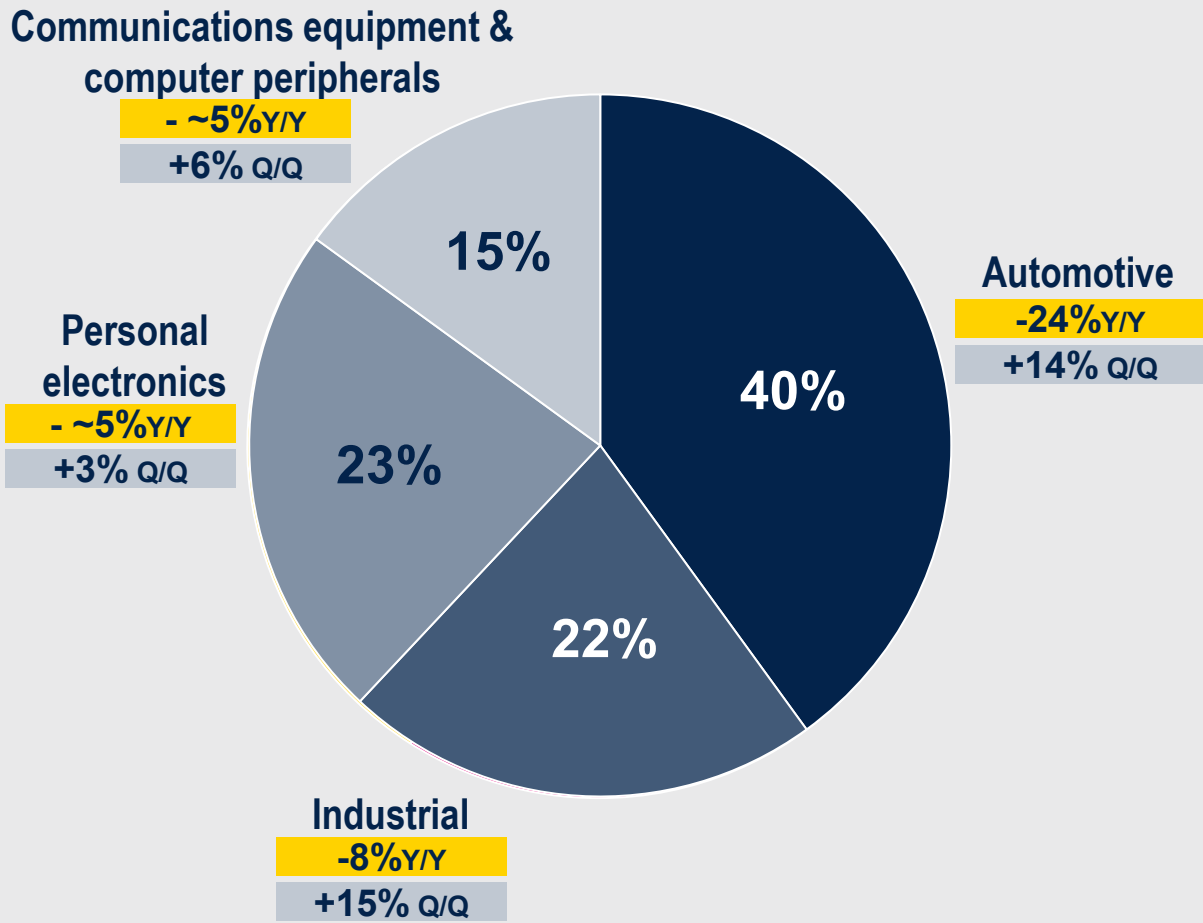
% by reportable segments



ST

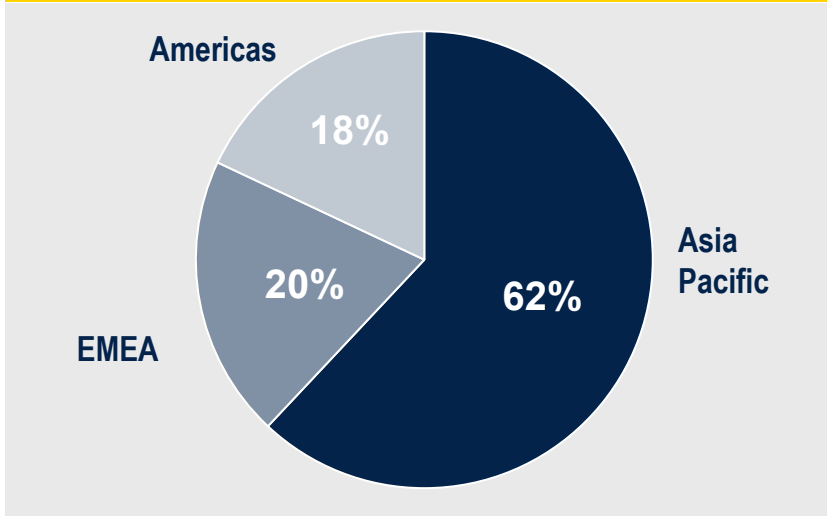
- Analog, Power & Discrete, MEMS and Sensors (APMS)
- Microcontrollers, Digital ICs and RF products (MDRF)

% by end market

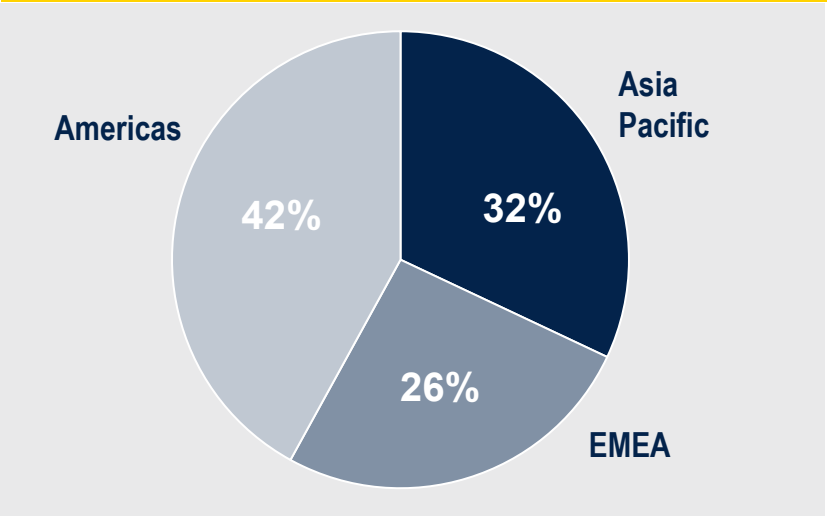


Q2 2025 Revenues

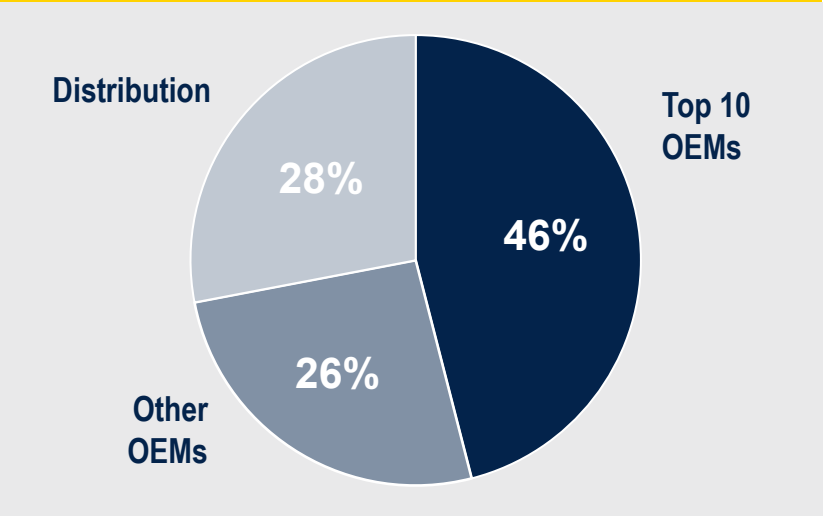
% by shipment location



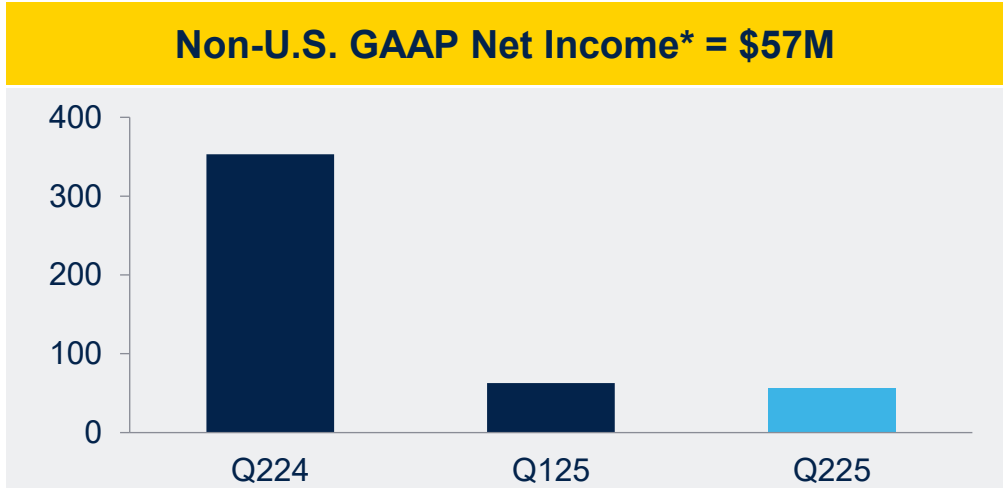
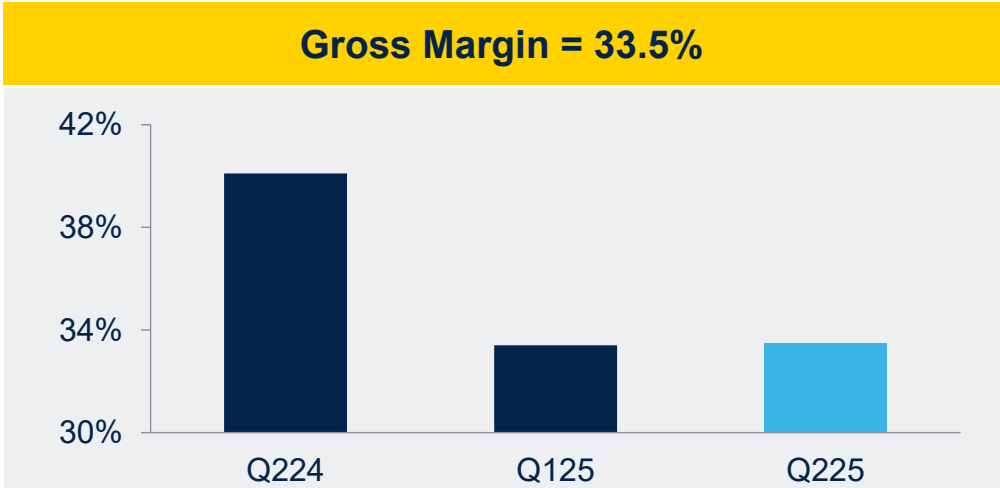
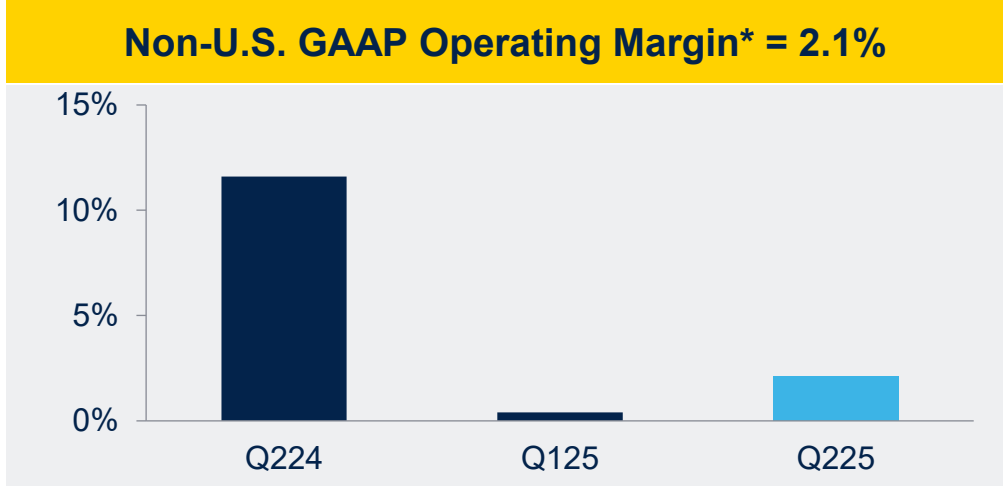
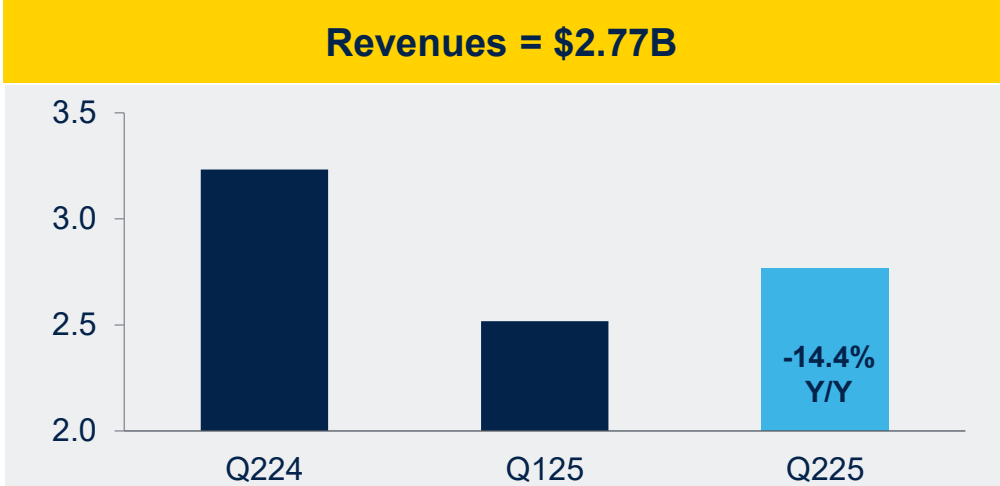
% by region of origin



% by customer type

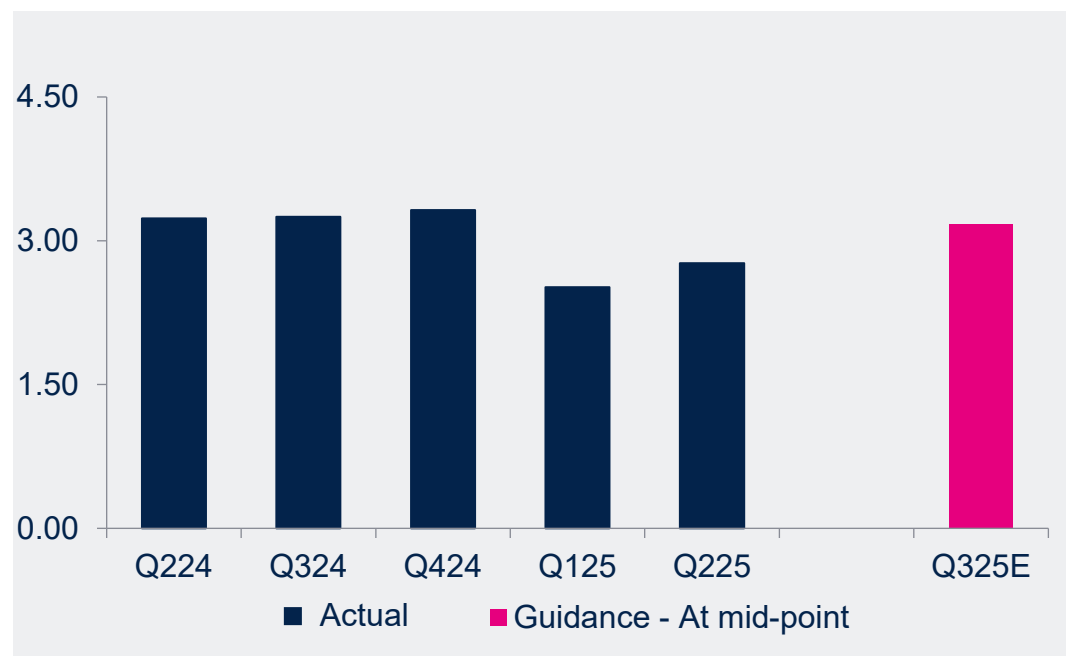


Q2 2025 Financial highlights



*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

Q225 Revenues = \$2.77B



Q225 revenues down 14.4% Y/Y

- AM&S declined 15.2%, P&D 22.2%, EMP 6.5% and RF&OC 17.9%,
- By end market, Automotive declined 24%, Industrial 8%, Personal Electronics 5% and CECP 5%,
- Revenues to OEMs and Distribution decreased 15.3% and 12.0%, respectively.

Q225 revenues up 9.9% Q/Q

- 220 bps better than the mid-point of the Company's guidance,
- AM&S up 5.9%, P&D 12.9%, EMP 14.1% and RF&OC 10.1%,
- By end market, Q/Q Automotive was up 14%, Industrial 15%, Personal Electronics 3% and CECP 6%.

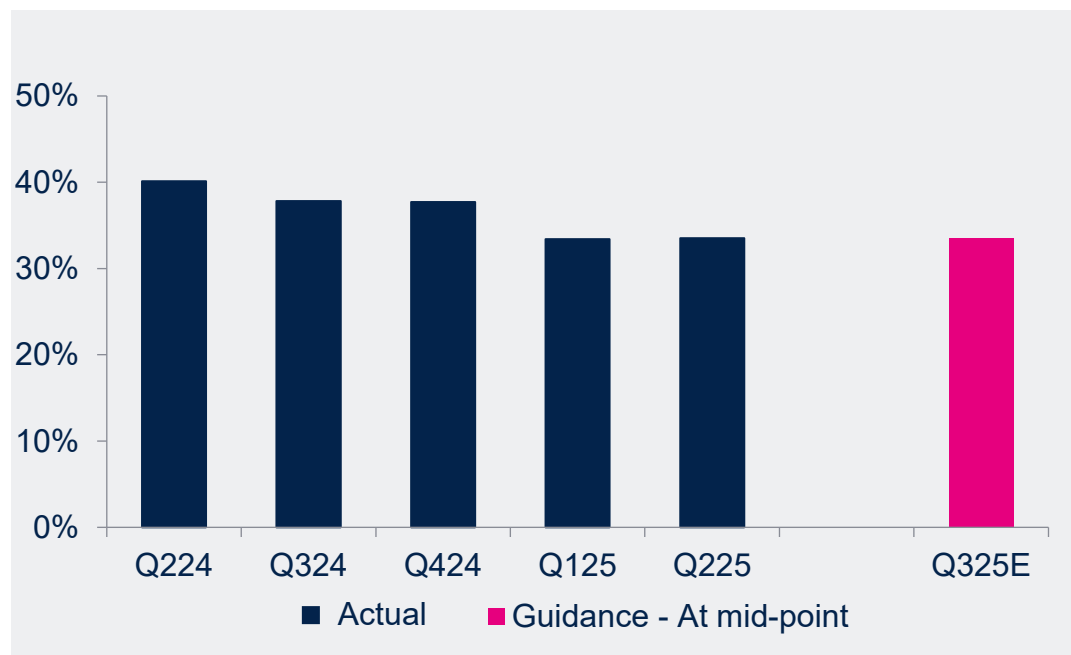
Q325 Outlook for net revenues of \$3.17B

Up Q/Q by about 14.6% (+/- 350 bps)

Down Y/Y by about 2.5% at mid-point

Gross margin

Q225 Gross Margin = 33.5%



Q225 Gross Margin

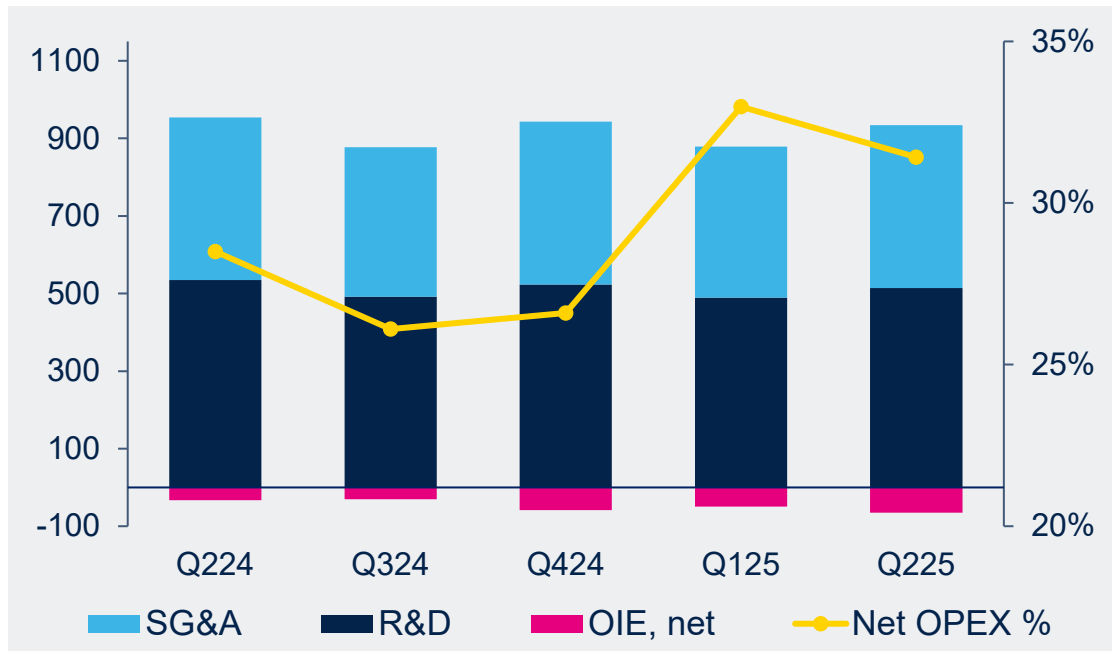
- Down 660 bps Y/Y, mainly due to product mix, lower manufacturing efficiencies and, to a lesser extent, higher unused capacity charges,
- Up 10 bps Q/Q,
- 10 bps above the mid-point of ST's guidance.

Q325 Gross Margin Outlook

About 33.5% (+/- 200 bps)

Net operating expenses*

Q225 Net Operating Expenses = \$869M



Q225 Combined SG&A and R&D at \$934M

- 33.8% of revenues.

Q225 Net Operating Expenses at \$869M

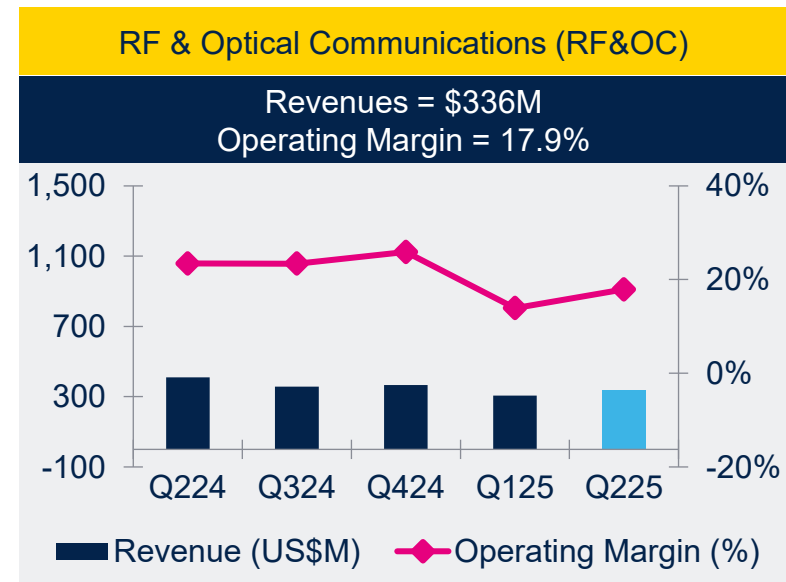
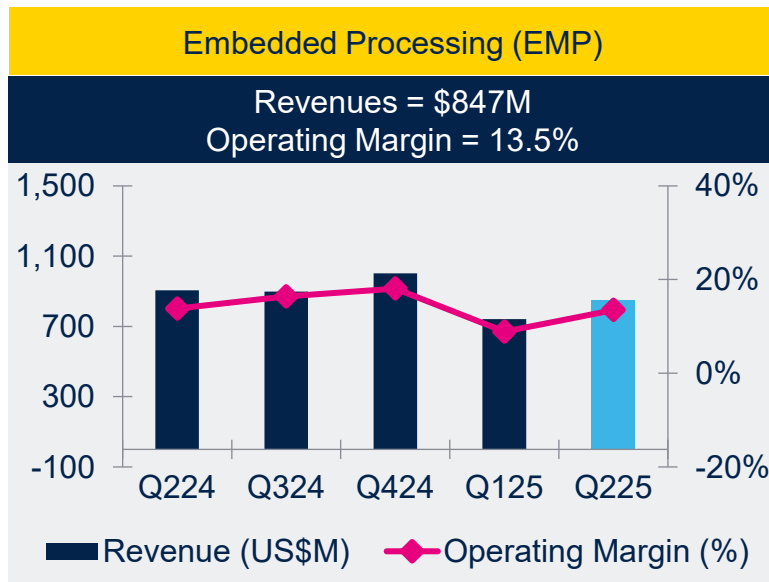
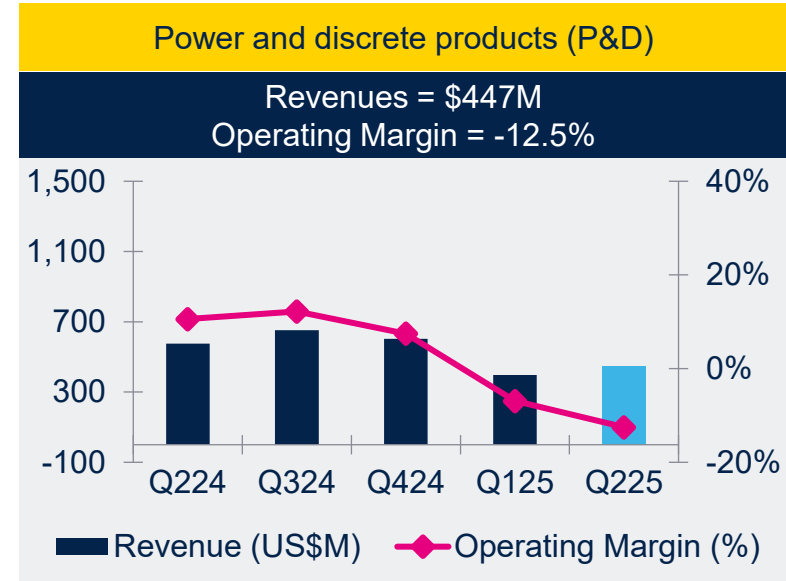
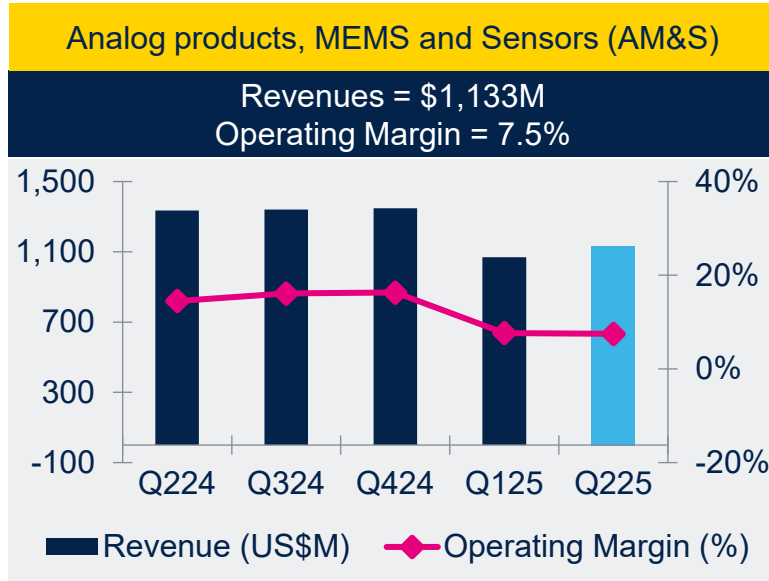
- 31.4% of revenues.

Q325 Net Operating Expenses expected at about \$860M



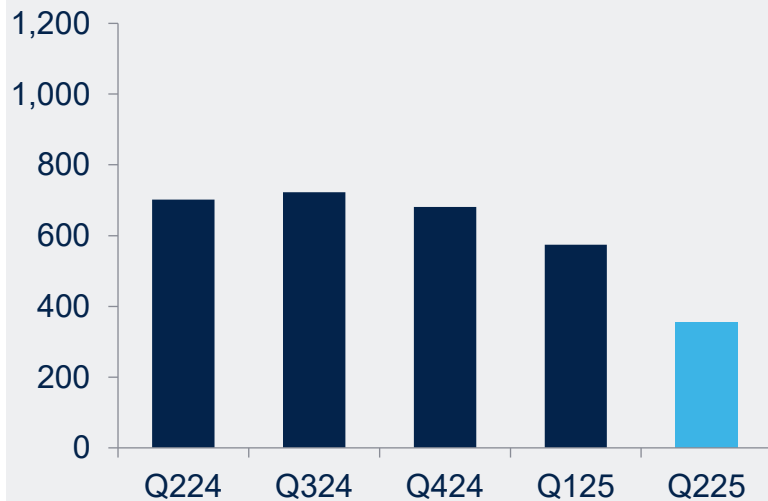
* Net operating expenses: R&D + SG&A + Other expenses (- Other income). They exclude Impairment, restructuring charges and other related phase-out costs.

Q2 2025 Reportable segments results

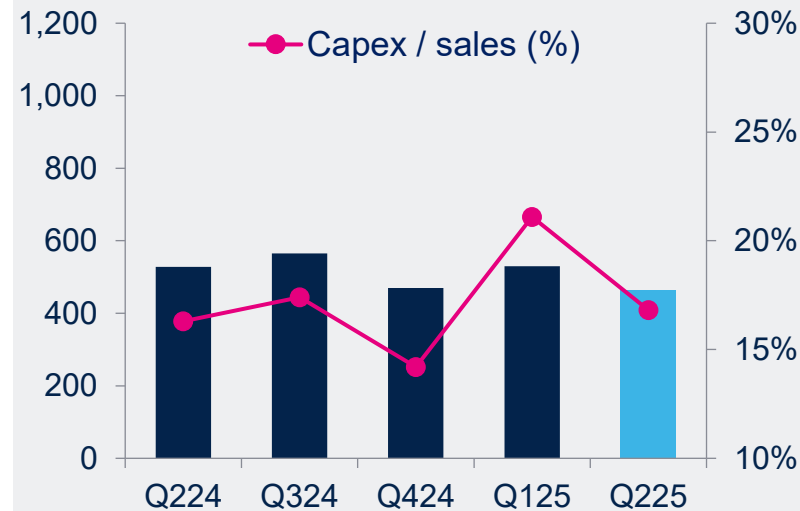


Q2 2025 Financial flexibility

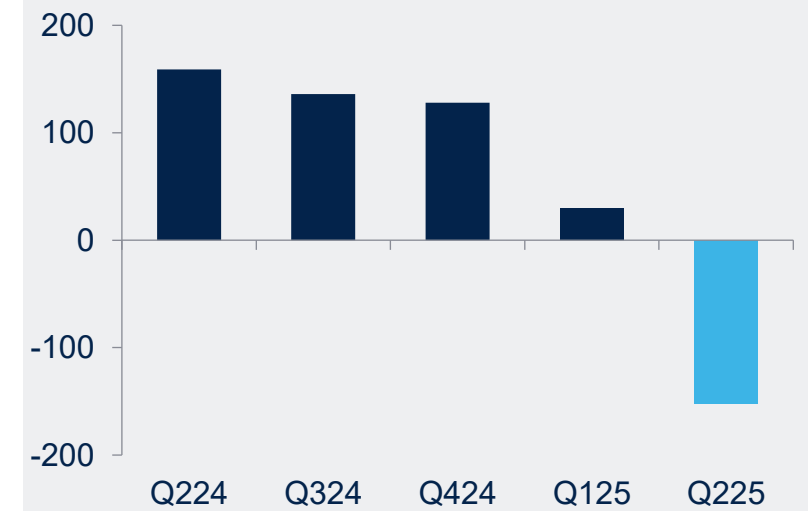
Net Cash From Operating Activities = \$354M



Net Capex* = \$465M



Free Cash Flow* = -\$152M



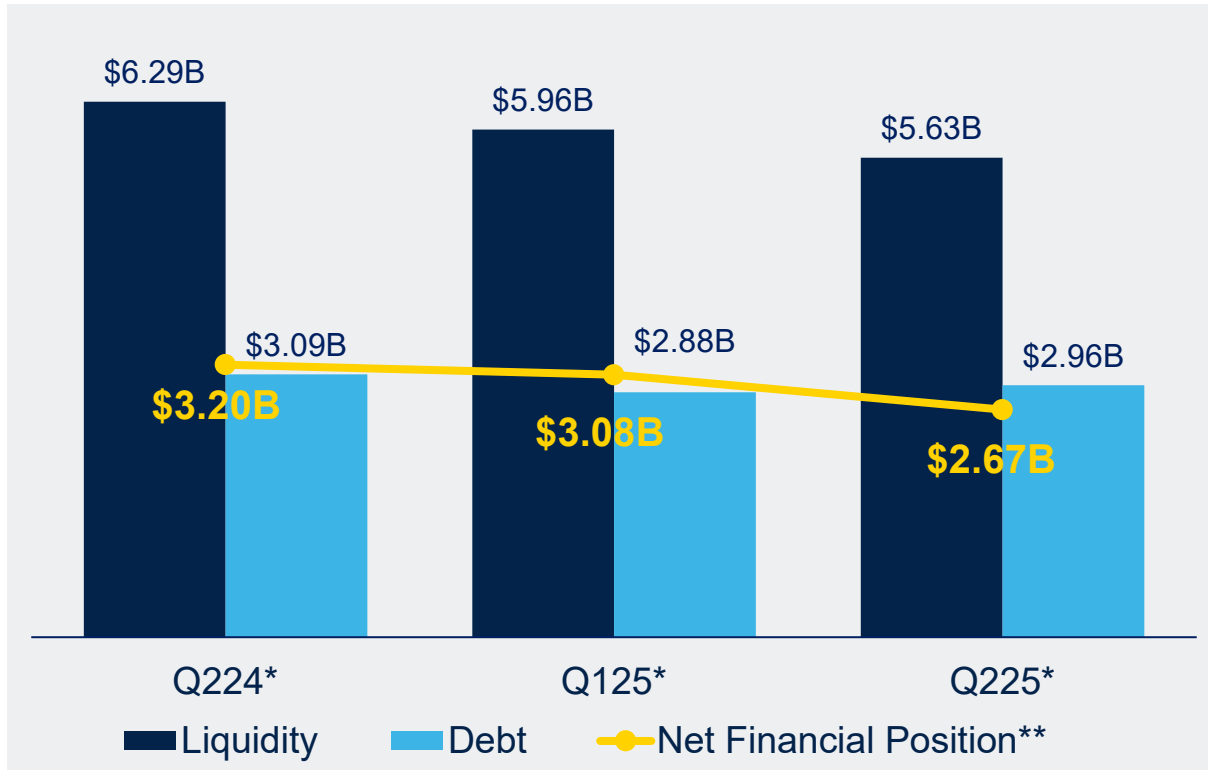
Cash dividends paid to stockholders totaled \$81M in Q225.

In Q225 we repurchased shares totaling \$92M.



*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

Solid capital structure



ST is in a very solid position from a capital, liquidity and balance sheet perspective.

ST credit rating is now BBB+ with Stable Outlook from S&P and Baa1 with Stable Outlook from Moody's.



***Adjusted net financial position**, taking into consideration the effect on total liquidity of advances from capital grants for which capital expenditures have not been incurred yet, stood at \$2.80B as of June 29, 2024, \$2.71B as of March 29, 2025, and \$2.31B as of June 28, 2025.

****Non-U.S. GAAP measure**. See Appendix for additional information explaining why the Company believes these measures are important.

Car electrification



Car digitalization



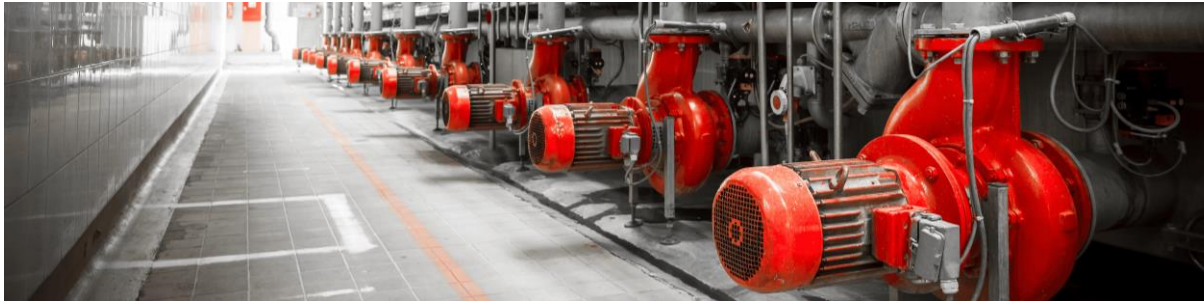
Smart power



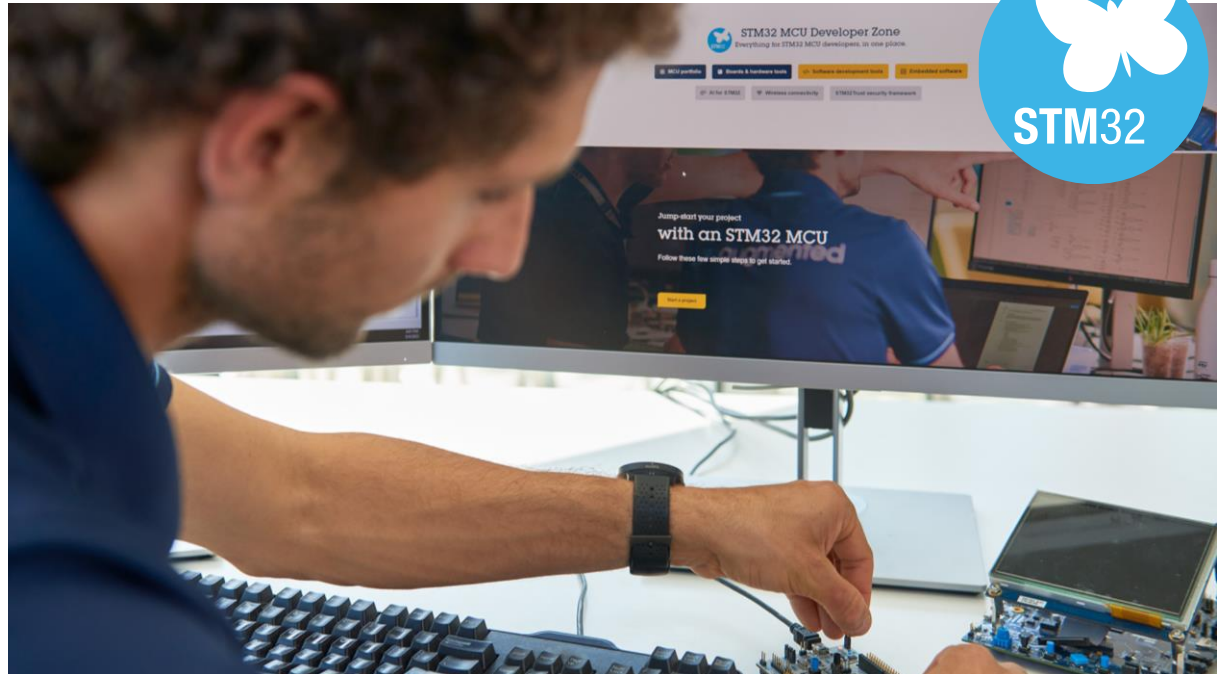
Automotive sensors



Power & Energy



Embedded processing



STM32 Ecosystem

~1.5 million unique users on a 12-month rolling basis

Personal electronics Communications equipment & computer peripherals



Sustainability

TIME World's Most Sustainable Companies



Ranked 25th most sustainable company globally and 1st in Electronics, Hardware and Equipment category.

CDP Leadership Band



In the CDP leadership band for climate change management (A) and water management (A-)

Q3 2025 Outlook

Net Revenues

Q325 outlook, at the mid-point, is for net revenues of **\$3.17B**, decreasing Y/Y by 2.5% and increasing Q/Q by 14.6%, plus or minus 350 bps.

Gross Margin

Gross margin is expected to be about 33.5%, +/- 200 bps, incl. about 340 bps of unused capacity charges. Q/Q, our Q3 gross margin will be negatively impacted by about 140 bps, mainly from currency effect and, to a lesser extent, the start of non-recurring cost related to our manufacturing reshaping program.



Q325 will close on September 27, 2025.

This outlook is based on an assumed effective currency exchange rate of approximately \$1.14 = €1.00 for Q325 and includes the impact of existing hedging contracts.

This business outlook does not include any impact for potential further changes to global trade tariffs compared to current situation.

Takeaways

We expect Q3 revenues to show solid sequential growth driven by a cyclical recovery and our engaged customer programs. This will enable a continued year-over-year improvement.

Our priorities remain supporting our customers to design-in our products, accelerating new product introductions, and executing our company-wide program to reshape our manufacturing footprint and resize our global cost base.

Finally, I confirm we are executing our plan to deliver annual cost savings in the high triple-digit million-dollar range exiting 2027.

Appendix

Historical financial performance

<i>Effective Exchange Rate €/\$</i>	1.09	1.08	1.08	1.08	1.09	1.08	1.06	1.09	1.08
U.S. GAAP <i>US\$M, except EPS</i>	Q124	Q224	H124	Q324	Q424	FY24	Q125	Q225	H125
Net Revenues	3,465	3,232	6,697	3,251	3,321	13,269	2,517	2,766	5,283
Gross Margin	41.7%	40.1%	40.9%	37.8%	37.7%	39.3%	33.4%	33.5%	33.5%
Operating Income	551	375	925	381	369	1,676	3	(133)	(130)
Operating Margin	15.9%	11.6%	13.8%	11.7%	11.1%	12.6%	0.1%	-4.8%	-2.5%
Net Income	513	353	865	351	341	1,557	56	(97)	(41)
EPS Diluted (\$/share)	0.54	0.38	0.92	0.37	0.37	1.66	0.06	(0.11)	(0.05)
Non-U.S. GAAP* <i>US\$M, except EPS</i>	Q124	Q224	H124	Q324	Q424	FY24	Q125	Q225	H125
Operating Income	551	375	925	381	369	1,676	11	57	68
Operating Margin	15.9%	11.6%	13.8%	11.7%	11.1%	12.6%	0.4%	2.1%	1.3%
Net Income	513	353	865	351	341	1,557	63	57	120
EPS Diluted (\$/share)	0.54	0.38	0.92	0.37	0.37	1.66	0.07	0.06	0.13
Free Cash Flow	(134)	159	24	136	128	288	30	(152)	(122)
Net Financial Position	3,126**	3,199**	3,199**	3,181**	3,231**	3,231**	3,082**	2,672**	2,672**

***Non-U.S. GAAP measure.** See Appendix for additional information explaining why the Company believes these measures are important.

****Adjusted net financial position,** taking into consideration the effect on total liquidity of advances from capital grants for which capital expenditures have not been incurred yet, stood at \$2,775M as of March 30, 2024, at \$2,797M as of June 29, 2024, at \$2,815M as of September 28, 2024, at \$2,846M as of December 31, 2024, \$2,705M as of March 29, 2025 and \$2,311M as of June 28, 2025.



Appendix

- **Net financial position and Adjusted Net Financial Position (non-U.S. GAAP measure)**: represents the difference between our total liquidity and our total financial debt. Our total liquidity includes cash and cash equivalents, restricted cash, if any, short-term deposits, and marketable securities, and our total financial debt includes short-term debt and long-term debt, as reported in our Consolidated Balance Sheets. ST also presents adjusted net financial position as a non-U.S. GAAP measure, to take into consideration the effect on total liquidity of advances received on capital grants for which capital expenditures have not been incurred yet. ST believes its Net Financial Position and Adjusted Net Financial Position provide useful information for investors and management because they give evidence of our global position either in terms of net indebtedness or net cash by measuring our capital resources based on cash and cash equivalents, restricted cash, if any, short-term deposits and marketable securities and the total level of our financial debt. Our definitions of Net Financial Position and Adjusted Net Financial Position may differ from definitions used by other companies, and therefore, comparability may be limited.
- **Net Capex and Free Cash Flow (non-U.S. GAAP measure)**: ST presents Net Capex as a non-U.S. GAAP measure, which is reported as part of our Free Cash Flow (non-U.S. GAAP measure), to take into consideration the effect of advances from capital grants received on prior periods allocated to property, plant and equipment in the reporting period. Net Capex, a non-U.S. GAAP measure, is defined as (i) Payment for purchase of tangible assets, as reported plus (ii) Proceeds from sale of tangible assets, as reported plus (iii) Proceeds from capital grants and other contributions, as reported plus (iv) Advances from capital grants allocated to property, plant and equipment in the reporting period. ST believes Net Capex provides useful information for investors and management because annual capital expenditures budget includes the effect of capital grants. Our definition of Net Capex may differ from definitions used by other companies. Free Cash Flow, which is a non-U.S. GAAP measure, is defined as (i) net cash from operating activities plus (ii) Net Capex plus (iii) payment for purchase (and proceeds from sale) of intangible and financial assets and (iv) net cash paid for business acquisitions, if any. ST believes Free Cash Flow provides useful information for investors and management because it measures our capacity to generate cash from our operating and investing activities to sustain our operations. Free Cash Flow reconciles with the total cash flow and the net cash increase (decrease) by including the payment for purchases of (and proceeds from matured) marketable securities and net investment in (and proceeds from) short-term deposits, the net cash from (used in) financing activities and the effect of changes in exchange rates, and by excluding the advances from capital grants received on prior periods allocated to property, plant and equipment in the reporting period. Our definition of Free Cash Flow may differ from definitions used by other companies.
- **Net revenues of Others**: include revenues from sales assembly services and other revenues. Operating income (loss) of Others include items such as unused capacity charges, including incidents leading to power outage, impairment, restructuring charges and other related phase-out costs, management reorganization costs, start-up costs, and other unallocated income (expenses) such as: strategic or special research and development programs, certain corporate-level operating expenses, patent claims and litigations, and other costs that are not allocated to reportable segments, as well as operating earnings of other products. Others includes:

US\$M	Q124	Q224	H124	Q324	Q424	FY24	Q125	Q225	H125
Unused Capacity Charges	63	84	147	104	118	370	123	103	226
Impairment, restructuring charges and other related phase-out costs	-	-	-	-	-	-	8	190	198



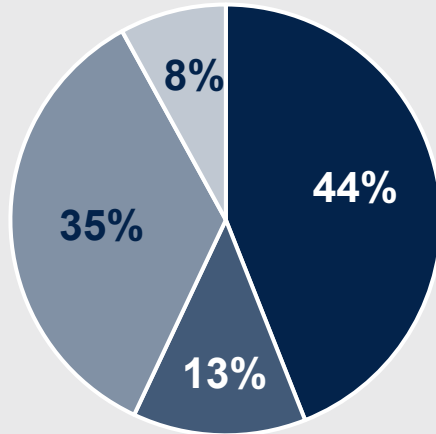
Historical Revenues and Operating Margin by Product Groups and Reportable Segments

<i>US\$M</i>	Q124	Q224	Q324	Q424	FY24	Q125	Q225
Analog products, MEMS and Sensors (AM&S)							
Revenue	1,406	1,336	1,340	1,348	5,429	1,069	1,133
<i>Operating Margin</i>	17.5%	14.5%	16.1%	16.3%	16.1%	7.7%	7.5%
Power and discrete products (P&D)							
Revenue	631	576	652	602	2,461	397	447
<i>Operating Margin</i>	12.1%	10.6%	12.2%	7.5%	10.6%	-6.9%	-12.5%
Analog, Power & Discrete, MEMS and Sensors (APMS)							
Revenue	2,037	1,912	1,992	1,950	7,890	1,466	1,580
<i>Operating Margin</i>	15.8%	13.3%	14.9%	13.6%	14.4%	3.7%	1.9%
Embedded Processing (EMP)							
Revenue	1,047	906	898	1,002	3,853	742	847
<i>Operating Margin</i>	22.2%	13.8%	16.4%	18.1%	17.8%	8.9%	13.5%
RF & Optical Communications (RF&OC)							
Revenue	378	410	357	366	1,511	306	336
<i>Operating Margin</i>	27.4%	23.4%	23.4%	25.9%	25.0%	13.9%	17.9%
Microcontrollers, Digital ICs and RF products (MDRF)							
Revenue	1,425	1,316	1,255	1,368	5,364	1,048	1,183
<i>Operating Margin</i>	23.6%	16.8%	18.3%	20.2%	19.8%	10.4%	14.8%

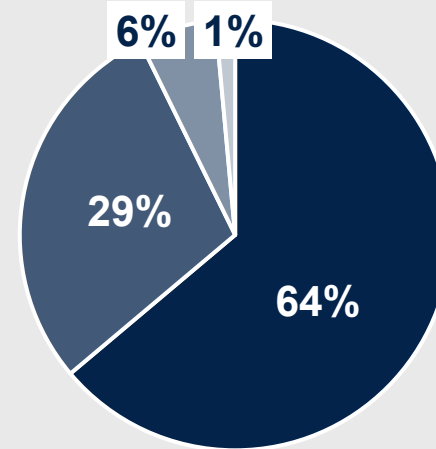


FY 2024 Reportable segment revenues by end market

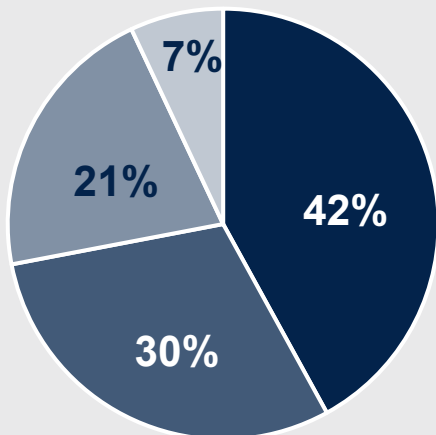
Analog products, MEMS and Sensors (AM&S)



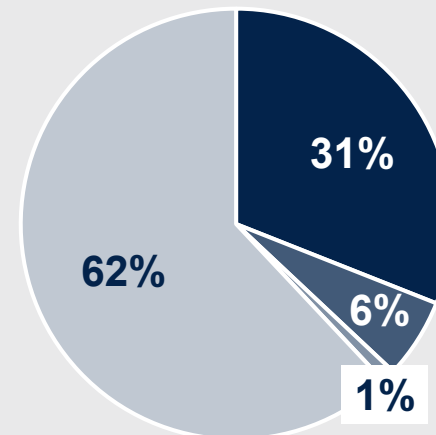
Power and discrete products (P&D)



Embedded Processing (EMP)



RF & Optical Communications (RF&OC)



- Automotive
- Industrial
- Personal electronics
- Communications equipment & computer peripherals

Our technology starts with You

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